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Emir Sader\*

## Latin America in the XXI Century<sup>1</sup>

NEVER BEFORE in its history has Latin America contained as many democratic political regimes in accordance with liberal canons as at the outset of the twenty-first century. After the replacement of the PRI governments in Mexico by that of Vicente Fox linked to the hitherto opposition PAN, the conversion of the guerrilla movements in Guatemala and El Salvador for institutional struggles, the formal reconquest of institutionality in Haiti, the substitution of the Fujimori regime by that of Alejandro Toledo in Peru, the setting up of a formal process of institutional alternation in Paraguay with the end of the government of General Stroessner, and with the transition from military dictatorships to electoral systems in Argentina, Chile, Uruguay, Brazil and Bolivia, Latin America appears to have established the reign of democratic political regimes over virtually the whole continent. Only Cuba appears to maintain a regime that does not correspond to the liberal criteria on democracy. Even the government of Hugo Chávez, in Venezuela, despite charges by the opposition of being dictatorial or authoritarian, was established in accordance with liberal guidelines, through elections and a set of plebiscites which approved a new Constitution for the country.

It is as if, after having been a continent of revolutions in previous decades, and after having been transformed into a continent of counter-revolutions, a kind of balanced synthesis of the two moments had been established, under the form of generalized democracies, which have arrived to stay. Regimes backed and legitimated by the popular vote, which, putting policies into practice with the approval of the majority of the population, appear to express the Latin American mode of insertion in the model of liberal democracy in force in the United States and in Europe. Some authors went so far as to express what amounted to the end of the Latin America utopia –like Jorge Castañeda, in his book *Utopia Unarmed*<sup>2</sup>– and the surrender of the continent to Anglo-Saxon liberalism, preannouncing the flood of liberalism to which it was to be subjected in the two following decades.

These two decades witnessed the biggest concentrated transformations in Latin American history, which demand a balance sheet that will make it possible not only to understand the nature of those regimes, but also to know to what extent they allowed progress in the construction of democratic societies. This would at the same time make it easier to understand what Latin America is, what its problems and potentialities are.

Latin America is experiencing –in clearest fashion since the mid-1990s– its worst economic and social crisis since the 1930s. Its economies reveal an enormous external fragility; the profile of their international integration was lowered both economically and politically. What was the relationship of democracy to this setting?

A first and hasty answer would be to attribute to it the responsibility, total or partial, for the crisis of these regimes. There is a coincidence in time between its establishment or reestablishment and the emergence, in an ever more accentuated manner, of the crisis factors. To such an extent that neoliberalism, as an economic policy and as an ideology, turned into an apparently inseparable expression of such liberal-democratic regimes. The burden of the crisis lies, in fact, on the economic policies and on the ideology that came to preside over the new governments, with direct effects on politics.

Another possible answer is to consider that these regimes do not correspond to real democracies. Or that such regimes, democratic or not, are not compatible with the conditions necessary for the solution of the continent's crisis –views which we will discuss later on.

It is significant that during the years of the ascent and zenith of neoliberalism in Latin America presidents managed to get themselves elected and reelected almost automatically, as it happened in a telling manner with Menem, Fujimori and Fernando Henrique Cardoso. As a reflection of its phase of exhaustion and decadence, the exact opposite came to happen: those elected presidents who did not break with neoliberalism quickly lost legitimacy, as was mainly the case with Fernando de la Rúa, Sánchez de Lozada and Alejandro Toledo, and others like Vicente Fox, Ricardo Lagos and Jorge Battle.

For the first time, the election of Lula, as well as that of Lucio Gutiérrez, gives the presidency

to candidates who in their election campaigns proposed breaking with neoliberal policies and opening a new historical period in Latin America.

## Latin America before neoliberalism

Latin America underwent three clearly differentiated periods over the course of the twentieth century: in the first, virtually an extension of the nineteenth century, there was a predominance of economies oriented to the export of raw materials, guided by theories on international trade based on the concept of “comparative advantages”. To these models of accumulation corresponded oligarchic political regimes, in which the diverse fractions of the economic elites wrangled with one another over the appropriation of the state and, on that basis, of export resources and the resources of foreign trade in general.

Until the beginning of the twentieth century, Latin America lacked any significant importance and weight on the world stage, save as an arena for exploitation by the colonial powers; no major phenomenon, no major personage was recognized internationally, not even the independence revolutions, which remained in the shadow of the United States revolution.

The most important transformation of the nineteenth century, after independence, was the entry of the United States into the sphere of imperial nations, with the incorporation of vast Mexican territories –including California, Texas and Florida, the war between the US and Spain, and the direct tutelage the US began to exercise over Cuba and Puerto Rico, in addition to the design already preannounced by José Martí of its project of hegemony over the entire continent, made explicit in the Monroe Doctrine.

In compensation, as soon as the twentieth century had begun, the continent revealed what type of century lay ahead for it, with the massacre of the miners at Santa María de Iquique, in northern Chile, and especially with the Mexican Revolution, which represented the definitive entry of Latin America into the roll call of major historical events of worldwide consequences. Its image was projected over the entire continent, firstly into peasant culture and imaginary, but also as regards the feasibility of political projects with a strong component of national and agrarian issues, which for a long time would mark the political line of popular movements on the continent. The Mexican Revolution attracted the attention of revolutionaries around the world, only shadowed by the emergence of the Russian Revolution, which for the first time brought up the possibility of a worker and peasant power substituting capitalism with socialism.

Simultaneously, as a consequence of the urbanization process and of the initial steps in the industrialization processes, the continent began to exhibit new dimensions of its social conflicts and of the constitution of new political subjects. Examples of this were the university reform in Córdoba, Argentina; the founding of the communist parties; the movements of rebelliousness by sectors of the middle class, such as *tenentismo* in Brazil, APRA in Peru and Radicalism in Argentina –which led to the 1929 crisis and the different reactions to it, by announcing the first major framework of a new historical period on the continent.

Deeply affected by the 1929 crisis, Latin America saw practically all its governments, conservative or progressive, substituted as a consequence of the shudders of the export-oriented models, put into question by the international recession. Events such as the peasant rebellion in El Salvador led by Farabundo Martí, Sandino’s anti-imperialist struggle in Nicaragua, the “socialist republic” in Chile, the 1930 Revolution in Brazil, the semi-insurreccional movement that toppled Gerardo Machado’s dictatorship in Cuba, among various other analogous movements, belong to this kind of popular mobilization, which led in several countries to nationalist governments, their best-known expressions being Getúlio Vargas in Brazil, Lázaro Cárdenas in Mexico, and Perón in Argentina.

In the decades after the 1929 crisis, several countries of the continent developed policies which ECLA would later theorize about under the name of “import-substitution industrializations”, and which made it possible, on the basis of the vacuum created by the recession in the center of capitalism, to advance on one of the most significant and innovative economic and social phenomena of the twentieth century: the industrialization –albeit delayed and dependent– of countries on the periphery of capitalism. Until then, the division between the center and periphery of the system had camouflaged the one that existed between industrialized and raw material-exporting economies, between urbanized and agrarian societies, with evident mechanisms of unequal exchanges among them. As from that moment, new blocks

established themselves in power, hegemonized by industrial fractions of the local bourgeoisies, with the participation, although subservient, of fractions of the subordinated classes, generally represented by their unionized urban sectors.

This industrialization process allowed the emergence and strengthening of the working classes in several Latin American countries, modifying the social and political setting of the continent, which was the basis for the constitution of the first political forces by the dominated classes centered on the labor movement –be it of a classist nature or under populist leaderships. Based on political alliances led by nationalist projects, several countries of the continent underwent significant popular experiences, which represented the first major appearance of the mass movement. It was the period of greatest economic growth in countries like Argentina, Mexico, Brazil, Chile and Peru, which in a few decades would transform their physiognomy more than in the preceding centuries. It is no coincidence that the countries with the greatest relative economic development, that had made the most direct use of the 1929 crisis to implement their industrialization process –Mexico, Brazil and Argentina, had as their predominant political force parties or leaders who gave pride of place to the national issue over the class question, shunting classist parties to a secondary position.

This period began to reach exhaustion with the end of the Korean War and the running out of the “truce” which the imperialist countries had been forced to offer because of the recession, and later because of the war economies imposed owing to the deflagration of the Second World War (1939-1945). It had already been preannounced with the change in the international setting to the situation dominated by the Cold War, in which communist parties were declared illegal, having more direct effects in those countries in which these parties had a more important political role, like Chile and Brazil, but with effects in them all, particularly impacting political alliances and the space for the labor movement.

The period fully ended in the mid-1960s, in accordance with the process of internationalization of economies, consolidation of the large multinational corporations and tightening of national accumulation spaces. The Popular Front government in Chile, the Bolivian revolution of 1952, and the so-called “Bogotazo” movement of 1948 in Colombia as a popular reaction to the murder of the Liberal leader Jorge Eliécer Gaitán, are some of the biggest convulsions of the period, which would attain its most important moment with the Cuban revolution.

The new period will witness a political dispute among three different projects –the socialist option introduced in the continent by the Cuban revolution, the military nationalism of Velasco Alvarado in Peru, and the military dictatorship in Brazil. The three wrestled for the space left open by the exhaustion of the import substitution model on the economic level, and by the crises of the liberal-democratic regimes, with military coups in several countries, especially in Latin America’s Southern Cone.

This new period was introduced by the military coups in Brazil and in Bolivia in 1964, followed by other, similar ones –Argentina in 1966 and 1976, Bolivia again in 1971, Chile and Uruguay in 1973. In little over a decade, the liberal-democratic political regimes of the subregion were all reduced to military dictatorships guided by the national security doctrine. In the Brazilian case an industrial development policy was still maintained, but with an already strongly anti-popular character –because of the repression of wages and of the unions– and with multinational corporations having an hegemonic role by virtue of the internationalization of the economy. Nevertheless, as of the transition of capitalism to its long recessionary cycle in the mid-1970s and the Latin American countries’ debt crisis in 1980-1981, the economies of the continent as a whole entered a recessionary phase in which the conditions were generated for adhering to neoliberal models, definitively closing the “developmentist” period and introducing consensus around the fight against inflation and “monetary stability”, the engines of neoliberalism in Latin America.

The transition to the subsequent period was triggered by the “debt crisis” unleashed in 1980, which generated balance of payments deficits which made the development projects for the region non-viable. The decade of the 1980s was termed the “lost decade” basically because governments devoted themselves to seeking trade surpluses that would reduce the figures for those deficits. The hyperinflations encompassed by this process would become fundamental references for substituting development goals with those of monetary stability –the lever for the rooting of neoliberalism in Latin America.

## **The new consensus: the fight against inflation**

Latin America was the cradle and the experimental laboratory of neoliberalism. It was in the fight against Bolivian hyperinflation that Jeffrey Sachs was able to test the models of monetary stability that were later exported to Eastern Europe countries. It was in Pinochet's Chile that the Chicago School economists, led by Milton Friedman, first found the suitable political conditions for experimenting with their proposals for opening up and deregulating the economy.

The struggle against inflation was the cornerstone of the construction of the neoliberal hegemonic model. The diagnoses that led to the deregulation policies were those that attacked inflation as the source of the problems that led to economic stagnation, the deterioration of social services and of the infrastructure of the state, and the generalized impoverishment of the population. The arguments of the "inflationary tax" and the attack on the work of the state, its deficit said to be the source of inflation, enjoyed great acceptance and demonstrated their immediate efficacy the moment they were applied.

There was a rapid dissemination of the effect of these laboratories, multiplied by the new liberal wave spread by the Reagan-Thatcher duo, likewise reproduced at great speed by the international media, and picked up again by the local media and by the economic and technocratic cadres of capital. Chile was undergoing a process of economic "modernization", Bolivia was managing to overcome hyperinflation –the results being set against the prices that were paid for these bitter medicines.

Chile returned to being an exporting country –its economy based on the "comparative advantages" of copper, fruit, wood and fish–, abandoned its intermediate level of industrial development backed by the Andean Pact, and went back to massively importing industrial products. On the social level, from being one of the countries with the best indices, alongside Costa Rica and Uruguay, the country came dangerously close to the Brazilian indices.

Bolivia paid for the control of inflation with the dismantling of its mining economy, taking its mines to pieces and leaving tens of thousands of people unemployed. Gas exports to Brazil and Argentina replaced that economic activity, and at the same time the coca-growing economy was expanded. Some of the mining leadership moved to the countryside, and their experience in the labor movement served the struggle of the coca growers.

At that point, there was a very fast proliferation of what was to be called the "Washington Consensus", a kind of passageway compulsory for the economies of all countries worldwide, to position themselves as able to regain economic growth. The second stage of neoliberalism – articulated with redemocratization and including the conversion of social democracy to this model– begun in Western Europe with the shift by François Mitterrand's government in 1983 and was quickly reproduced in Latin America, having its emblematic expression in the neoliberal conversion of Peronism. After the failure of the government of Raúl Alfonsín, Carlos Menem carried out an election campaign in accordance with the classic molds of Peronism, centered on the "production shock". However, immediately after the elections he called on the most diehard historical adversaries of Peronism to apply the liberal policies of the Chicago School in Argentina.

While in Western Europe the hegemonic character of neoliberalism was marked by the adherence of social democracy, in Latin America those who had embodied "statism", "regulationism" and "redistributionism" were currents such as Peronism in Argentina, the Mexican PRI, and Democratic Action in Venezuela. One after the other, and resembling the succession of European espousals that followed Mitterrand and Felipe González, those parties began to adopt the models of fiscal adjustment, monetary stability, deregulation, privatization and opening of the economies to the international market, with policies that mechanically reproduced the "consensus" recommended by the IMF and the World Bank. In Latin America, the governments of Menem in Argentina, Salinas de Gortari and Ernesto Zedillo in Mexico, Carlos Andrés Pérez in Venezuela, and Fernando Henrique Cardoso in Brazil, reproduced the conversion of center-left forces to the neoliberal models.

The following stage was inaugurated by the Mexican crisis of 1994 and definitively installed by the Asian crisis of 1997, followed by that of Russia in 1998 and that of Brazil in January 1999. The passage of the United States' capitalism to a new recessionary cycle since 2001 gives this stage an emphatic feeling of having reached a limit, the hegemonic potential

exhausted, with expectably harsh effects on the Mexican economy –test case of the second half of the 1990s– and on the rest of the continent. The Argentine crisis, in putting into question the exchange parity policy, as well as the dollarization in Ecuador and in El Salvador, demonstrate how a new horizon became necessary to provide oxygen to neoliberalism when even the “third way” itself –that of Ricardo Lagos in Chile, of Fernando de la Rúa in Argentina, of Vicente Fox in Mexico– became impotent to do so in the way the Clinton and Blair governments worked in the United States and in Britain.

The failure of Fernando de la Rúa, Sánchez de Losada and Alejandro Toledo confirmed how times had changed in Latin America. The maintenance of the economic policy of fiscal adjustment –with its promises of reconquering economic development, job creation and emphasis on social policies– failed in all cases. If previously the candidates who put these policies into practice had been elected and reelected, as in the cases of Menem, Fujimori and Fernando Henrique Cardoso, now, on the contrary, maintaining these policies became a recipe for failure, since they had exhausted their stabilizing effect, they were unable to take up development again and turned into a source of economic and financial imbalance. From apparent solutions to the crisis, the fiscal adjustment policies turned into causes of crisis because of the imbalances in the balance of payments and the multiplication of public indebtedness under international conditions which no longer favored the attraction of capital. The continent entered headlong into its worst, most extended and deepest crisis since the 1930s.

## **The Latin American crisis**

Within this framework, what does the current Latin American crisis consist of? Approximately two decades of monetary stabilization programs, neoliberal hegemony and predominance of financial accumulation have not led the continent –or even some countries– to take up development again, to make up for their backwardness in the technological race, to stabilize and extend the democratic regimes, to reduce social problems, to project technologically and culturally dynamic and creative societies.

On the contrary, the continent is experiencing the deep and extensive hangover resulting from the neoliberal medicine and its generalized collateral effects. The current situation remits us to the worst possible scenario: states that are weakened on the external level and with ever less capacity for action on the internal level; ever more fragmented and unequal societies with vast sectors excluded from their basic rights, beginning with the right to formal employment; economies that lost dynamism and went back to depending massively on the export of raw materials while having entered conditions of rising financialization which they are unable to emerge from. Culturally, the continent, under the strong pressure of the international press, reveals an incapacity to restart the cycles of creativity and originality that characterized it in the preceding decades.

Two decades of application of neoliberal policies undermined the basis of the social relations on which the Latin American state had been built: the concepts of nation and of sovereignty. These were articulated in pursuit of the goal of economic development –with industrialization as the engine of social integration– around a nationally structured domestic market, with expanding formal labor relations and external independence identified with the expansion of foreign trade. These three goals –economic development, and the domestic and external markets– were the ideas that had promoted the remodeling of the Latin American state, especially in the second half of the twentieth century.

The current Latin American crisis is the hangover resulting from the application of deregulation policies over the course of more than a decade. The above mentioned negative effects are the expression of a crisis of accumulation severely affected by the financialization of the economy, the result of the application of essentially recessionary stabilization policies. The exhaustion of the industrialization models took place in a sudden manner between the years 1960 and 1970. Brazil was the exception, delaying this exhaustion until the end of the 1970s, because the military dictatorship was able to take advantage of the expansionary period in international capitalism to give this cycle a new boost. Nevertheless, in the transition from the 1970s to the 1980s the debt crisis generalized to the whole continent, causing Latin America to swing into a lengthy recessionary cycle from which it has still not been able to emerge.

The explosion of indebtedness, added to the transition of the hegemonic model of capitalism to neoliberalism, favored the hegemony of financial capital over the economies of the continent. The opening toward the international market, the privatization of government enterprises, economic deregulation and “labor flexibilization” were instruments that led to this hegemony, which permeated their economies as a whole to the detriment of productive capital. The profit rates obtained by financial investment, added to its liquidity, turned it into the great pole of attraction that transferred resources to the speculative sphere. This mechanism was particularly strong in Latin America, pushed by indebtedness and by government deficits, reflected in uncontrolled inflation.

In the face of a debilitated Latin America, the different solution outlooks may be summarized in the two international reinsertion proposals made: the Free Trade Area of the Americas (FTAA), and the Southern Common Market (MERCOSUR), as renewed, strengthened and expanded in accordance with the proposal of the Lula government.

## **The crisis and the Latin American left**

It is impossible to understand the current paths of Latin America, its recent historical swings, current crisis and possible options, without considering the trajectory of the Latin American left. If initially the continent’s left was a direct tributary of the European labor movement, generating movements with a strong ideological component and few roots in each country, over the course of the twentieth century it gained in both muscle and roots, acquiring a key role in the major events experienced in the continent, particularly after the first three decades of the last century.

During the first period of its history the Latin American left was marked by the emergence of the labor movement in Europe, with elementary forms of labor organization and the first party expressions –socialist and communist– in tandem with the strong immigration phenomenon, which brought the European experiences to the continent, especially from Spain, Italy and Portugal. Countries like Argentina, by virtue of its greater relative economic development, and Chile, because of the nature of its mining economy, were the setting for the first major mass experiences of the labor movement, the original social basis of the left on the continent.

The impact of the Bolshevik victory saw its first immediate political effects in the founding of the parties and the virtual disappearance of anarchism. The impact was also translated into the emergence of political leaders who, in the style of the Bolshevik leaders, simultaneously had the capacity for theoretical output. The Chilean Luis Emilio Recabarren, founder of the Chilean and Argentine communist parties, may be included under this heading; the phenomenon was to be repeated later with the Peruvian José Carlos Mariátegui and the Cuban Julio Antonio Mella –the three Latin American communist leaders who corresponded to the theoretical and political profile.

Although a major part of the economies of the continent was agricultural, the difficulties in organizing farm workers, given the brutality of the domination, which extensively maintained pre-capitalist forms of exploitation, led the Latin American left to emerge with a link to the first moments of the industrialization process and of the urban working class, or linked to mining production. Argentina and Chile are clear examples of such processes.

Argentina had a working class that developed early in the nineteenth century, as well as forms directly linked to industrialization, urbanization and the immigration of European workers, such as a socialist party. The Chilean case is different: characterized by a mining economy, it produced concentrated enclaves of workers where the mining of saltpeter and later of copper took place, generating workers’ poles with a classist organization and ideology which at the same time held the key to the country’s export-oriented economy, owned by foreign capital – British in saltpeter until the 1920s, US in copper as from the 1930s. This strong tension partly explains the violent character of the labor struggles in Chile, with a succession of a large labor mobilization movements which constantly ended in massacres.

The policies implemented as of the 1930s, giving priority to industrialization and relegating agrarian reform to a secondary position, save in Mexico by virtue of the achievements of the revolution, progressively separated the fate of urban workers from that of rural workers. This was paradigmatically the case with the introduction of labor rights by Getúlio Vargas in Brazil, restricted to urban workers, while the majority of the mass of Brazilian workers was located in the countryside, thus defining a differentiated destiny for each of them and adding one further

reason to the lack of agrarian reform for the exodus of the working mass from the countryside to the city. In Chile, an analogous phenomenon took place with the explicit endorsement of the socialist and communist parties and of the labor headquarters that they led, which, under the Popular Front government, committed themselves not to carry out a rural unionization in favor of an anti-fascist front that would gather farm owners.

The two events cited as an introduction to Latin America in the twentieth century –the massacre in Santa María de Iquique and the Mexican Revolution– herald the two most significant trajectories in the constitution of the Latin American left as a political force. The first involved the budding Chilean left with classist political parties, while the Mexican showed the way to experiences centered on national and popular issues. Chile and Uruguay were the clearest examples of left-wing movements in which the socialist and communist parties had the main role, while Mexico and Argentina, with the PRI and Peronism, are examples of the predominance of national and popular experiences. In one, the strength of the labor movement was politically expressed through the socialist and communist parties, with their classist ideology and anti-capitalist program. In the other, this strength led to popular national movements. This phenomenon is directly linked to the strength of the native bourgeoisies because of the greater development of the industrialization process that in those two countries, along with Brazil, generated popular leaderships centered on the national question with predominance over the social issue, privileged by the communist and socialist parties.

The cases of Argentina and Brazil differ, originating different fates for their left-wing movements in the following decades which partly explain the vast difference in the situations in which they currently find themselves. Getúlio Vargas took over the provisional government of Brazil in 1930 as a reaction to the raw material-exporting policies of the block in power, deeply affected by the 1929 crisis. Over the course of his years in power he imposed an industrialization policy that recognized urban workers' right to unionize, albeit subordinated to the Labor Ministry. His government was linked to an incipient working class, the product of the country's low level of industrial development, worsened by the economic crisis of 1929 that raised Brazil's unemployment figures even further. Thus Getúlio did not find it difficult to impose his hegemony on the labor movement, especially because the Communist Party had criticized and had also maintained itself distant from the "revolution of 1930" –an anti-oligarchic movement led by low and medium-ranking military officers– still in the name of the line of the "third period" of the Communist International, which preached the struggle for power based on worker-peasant alliances. This orientation further isolated the communists, facilitating the Getulist hegemony over the still budding urban worker movement.

The differentiated reaction of the Latin American countries to the 1929 crisis was a determining factor for these forces to be constituted and take root in their respective countries. In the same way that the crisis was a challenge for each country, it was also so for their respective left-wing movements. The nature of each country and of its left emerged from the crisis transformed, and in a way conditioned the countries' political trajectory in subsequent decades. The crisis of 1929, and decades later the advent of neoliberal policies, were the most significant and determining tests for the left-wing forces on the continent: they acted as filters which selected those forces ready to grasp the historical mechanisms they were facing and to offer themselves as alternatives.

The second historical stage unfolded from 1930 until the 1980s. It is the most important period in the history of the left so far, and at the same time of the history of Latin America itself. In this period the socialist and communist parties turned into mass forces (this was notably achieved by Chile and Uruguay, and secondarily by Brazil and Colombia, among others). Also developing as mass forces were the Mexican PRI, with the spotlight on the Lázaro Cárdenas government in the second half of the 1930s, Getulism in Brazil, Peronism in Argentina and APRA in Peru, as well as unions and union federations over almost the entire continent.

This period was introduced by the reactions to the crisis of 1929, especially by the "revolution of 1930" in Brazil, the "socialist republic" in Chile, and the movement that toppled the dictatorship of Gerardo Machado in Cuba, among others. It was continued during the 1930s by insurrectional movements in El Salvador and Nicaragua respectively led by Farabundo Martí and Augusto César Sandino, the government of the Popular Front in Chile in 1938, and the government of Lázaro Cárdenas in Mexico.

These events were inserted in the unstable international framework between the wars, with



political regimes destabilized by the tremors caused by the 1929 crisis which allowed various countries to take advantage of it to promote industrialization processes and thus strengthen their working classes, and to expand the democratic fronts struggling against fascism, fronts which, although only being translated into a government team with the Popular Front in Chile, exerted an influence on the political situation in several countries, introducing –alongside the classist *problématique* of the socialist and communist parties– the question of democracy and, at the same time, the complex issue regarding the nature of the Latin American nationalist regimes and movements like Getulism and Peronism, thus allowing false analogies with European fascisms.

In its second cycle in the post-war period there came together movements like Peronism and Getulism and revolutions such as those of Bolivia in 1952 and Cuba in 1959, constituting the strongest moment of the Latin American left by virtue of what it was to unleash. The triumph of the Cuban revolution had, as we have said, more influence in Latin America than the victory of the Russian Revolution in Europe. The guerrilla war model spread to a large number of countries: Mexico, Guatemala, El Salvador, Nicaragua, Venezuela, Colombia, Bolivia, Peru, Argentina, Brazil and Uruguay. While the spread of the “socialist camp” strengthened the communist parties (CPs) on the continent, their hegemony in the sphere of the left suffered two hard setbacks. First, the split between China and the Soviet Union, because of denounces regarding the road taken by the latter, the loss of the world’s most populous country and the emergence of Maoist divisions within the CPs, which, although generally expressing little, weakened this field. Second, the victory of the Cuban revolution, revealing that the first strategic victory on the continent was taking place outside the Communist Party and as an alternative to it. Socialism and the insurrectional path seemed to turn into the dominant goal and form of struggle from that moment onwards.

The victory of the Cuban revolution was quickly transformed from the toppling of a dictatorship into a regime that, for the first time in the continent and in the western hemisphere, adopted socialism. This represented a radical novelty for Latin America. From a distant Soviet or Chinese reality, socialism turned into a tangible historical reality; it became the representation of an immediate possibility at the very moment in which capitalism started exhibiting signs of the exhaustion of its expansionary cycle of import-substitution industrialization on the continent and while military dictatorships were replacing liberal democracies.

Although Chile’s attempt at a peaceful transition to socialism was to take place later, the Cuban victory sealed the destiny of the CPs on the continent, and the Chilean outcome came to confirm this situation. The Latin American left thus closed its first great historical stage in the framework of the passage of Latin American capitalism from expansion to symptoms of exhaustion of its capacity to continue growing within the molds of the original industrializing project, which also allowed the alliance between the industrial bourgeoisie, the middle layers and the labor movement, the beginning of the cycle of military dictatorships in the continent’s Southern Cone and the victory of the Cuban revolution, as well as the influences that the Cuban insurrectional model exerted on the continent as a whole.

This was the third period in the history of the Latin American left, strongly marked by the influence of the success of the revolution in Cuba. In the international context, that influence was strengthened by a balanced relation of forces between the capitalist camp led by the United States and the socialist camp led by the Soviet Union, in a framework of apparent strengthening of the latter –at least as regards its expansion– and weakening of the former. The Vietnam War, with the wearing down of the US and the extensive world solidarity with the Vietnamese; the Chinese “Cultural Revolution”, or at least the version disseminated to a large part of the world of what that phenomenon was believed to be; the Algerian victory in the anti-colonial struggle against France; the mobilizations of the second half of the 1960s, particularly in France, Germany, Italy, and Mexico, but others too in Japan and Brazil; the very death of Che Guevara, a hard blow to the revolutionary movements in Latin America and the world. All of this immediately served to strengthen the revolutionary spirit. At the same time, the preannouncements of the exhaustion of the greatest cycle of growth of capitalism pointed to a horizon of crisis in accumulation.

It was within this framework that several short cycles of armed struggle took place on the continent, always having the Cuban revolution as a reference –as a victorious model. They included Cuba, Nicaragua, Venezuela, Peru and Guatemala, basically, with a rural guerrilla model quite similar to the Cuban, at least in its codification through the texts of the Che and of

Régis Debray. They were defeated, but quickly returned, following similar molds, in Guatemala, Peru and Venezuela, with the addition of forms of urban guerrilla warfare in Uruguay, Argentina and Brazil, urban and rural forms in Colombia, and the countryside in Mexico.

The two cycles were harshly defeated, in relatively short timespans, over the course of the 1960s and 1970s, to a great extent because they lost the surprise factor, which had been important in the Cuban case, and also because of the mechanical repetition of the Cuban experience in the cases of rural guerrillas. In the case of the other form, the defeat took place because of the inability to resolve the impasses of the urban guerrilla struggle by translating manners of accumulation of force typical of rural guerrilla warfare to the centers of political and military domination, thus accelerating clashes under unfavorable conditions, even though significant levels of accumulation of force were attained in Uruguay and Argentina.

Even so, in the case of those countries with an economic and social structure, and even forms of political domination, that most resembled Cuba's –those of Central America, there was a third cycle of armed struggle over the course of the 1970s, in particular in the second half in Nicaragua, its victory in 1979 encouraging the spread of similar processes in Guatemala and El Salvador. The Sandinist victory was closely articulated with the United States' defeat in Vietnam and the internal crisis in the Nixon government, which ended up generating an inability by the US to undertake new external interventions, a factor which replaced the surprise in the Cuban case. The defeat of Jimmy Carter, who represented the assimilation of the blows suffered by the United States, and the US return to the political and military offensive with the victory of Ronald Reagan in 1980, altered this setting, which would end up being decisive for the Sandinist failure and the non-viability of new victories by the guerrillas in Guatemala and in El Salvador, determining the recycling of the guerrilla movements in the two countries into the institutional struggle, especially after the disappearance of the Soviet Union, and thus confining the cycles of insurrectional struggle in Latin America. Colombia has a trajectory of its own, previous to the cycles mentioned, since the civil war unleashed by the "Bogotazo" of 1948, unfolding over the course of the 1950s, as a continuation by the left –the FARC– of the national union agreement of the two traditional parties protagonists of the civil war, the Liberal and the Conservative, which from that point on turned to jointly co-governing the country.

The Chilean experience with an attempt at an institutional transition to socialism is a special case, which took place against the trends and the correlation of forces on the continent and in particular in the Southern Cone region, something which would end up becoming one of the factors of its failure –its isolation and the regional encirclement. Chile was a kind of laboratory for political experiments in Latin America –adapting to the continent Friedrich Engels' expression for France. Its labor movement began relatively early because, being a raw material-exporting economy which produced and exported minerals, it generated a working class at the same time already at the end of the nineteenth century –a class that participated in major labor struggles over the course of the entire twentieth century.

Chile had a working class before it had an industrial bourgeoisie. It had labor federations and socialist and communist parties participating directly in the Popular Front government even in the 1930s. It had a stellar role in the attempt at an alternative experience to the Cuban revolution, promoted by the United States through the "Alliance for Progress" –the Christian Democrat government of Eduardo Frei, in the 1960s. And lastly –and therefore not by chance– it was the setting of the world's only political experiment with an institutional transition to socialism, with the Popular Unity government, between 1970 and 1973.

It was a unique development on the continent, perhaps only comparable to that of Uruguay, with which it shared a long democratic tradition. Uruguay adopted an eight-hour workday a year before the United States did, had a divorce law seventy years before Spain, and female suffrage fourteen years before France. It abolished corporal punishment one hundred and twenty years before Great Britain did<sup>3</sup>.

Chile chose all its presidents through elections between 1830 and 1970, with the exception of 1891 and the period between 1924 and 1931. A Congress was developed in that country before it existed in European countries, save Britain and Norway. Electoral participation in Chile towards the mid-nineteenth century was equivalent to that which existed at the same time in Holland, something Britain had achieved only twenty years earlier and Italy would only have twenty years later. Chile imposed the secret ballot in 1874, before it was available in Belgium, Denmark, Norway or France. It had parties that took part in the three workers' Internationals.

And it was the only country other than France and Spain to have a Popular Front government.

Chile experienced this democratic tradition of alternation. It had Popular Front governments, with the radical, socialist and communist parties, at the end of the 1930s; a government of military populism led by General Carlos Ibáñez, backed by Perón, in the 1950s; a conservative government, a Christian Democrat one, and finally a socialist-communist one.

It was therefore not by chance that Chile became the setting for an attempt at a transition from capitalism to socialism along an institutional path. Such was the trust in the country's democracy, in the right to alternation in government: in previous decades, four governments with differentiated ideological policies had succeeded one another in government without institutional ruptures. The Chilean left was a tributary to this vision and bet heavily on an institutional transition, even with an election victory in which it received little over a third of the votes, without measuring the far-reaching nature of the proposed transition, which entailed turning the one hundred and fifty biggest monopolies in the country over to state control, as well as the nationalization of the copper mines –the country's main source of foreign currency, held by United States capital.

Its defeat ended the communist parties' trajectory in the continent, which had for decades been preaching, to varying degrees, the path that the Chilean left attempted to put into practice. In the 1970s the Latin American left saw its main settings transferred from the Southern Cone to Central America, advancing without a balance that would enable the incorporation of experiences, the readaptation of paths and forms of struggle.

The image of the left on the continent was, in 1990, the most fragile since it arose on the Latin American political scene in the first decades of the twentieth century. In virtually all the countries in which they had developed, armed movements had been harshly defeated by tough repressive offensives and dictatorial regimes, disappearing from the political setting. The Sandinist regime, exhausted, had been defeated at the ballot-box in 1990. The communist parties –even those that traditionally had been stronger, save the Cuban, the CPs of Chile and Uruguay– were reduced to impotence, the labor federations led or hegemonized by them likewise weakened. Some reached the point of changing their names and losing their character, as in the case of the Brazilian CP. Everything happened in a way quite parallel to what occurred with the CPs of Western Europe, demonstrating how the end of the Soviet Union had been a decisive factor in their decadence. Labor organizations in general were weakened under the impact of the recessionary policies of fiscal adjustment and "labor flexibilization", which as a whole boosted the precariousness of job relations for the majority of the continent's workers.

Socialist and social democratic parties, as well as movements and parties known as "populist" and nationalist, were recycled, also in parallel fashion to the European phenomenon, towards neoliberal policies. Peronism, the Mexican PRI, the Chilean Socialist Party, Brazil's PSDB, Democratic Action in Venezuela and the MIR in Bolivia are clear examples of that process. With this they helped to even further isolate the CPs and other more radical forces on the left, abandoned their traditional policies of government control of the distribution of income, and became responsible for the spread of neoliberalism over the continent as a whole, abandoning the already debilitated field of the left.

A specific movement typical of the period of defeat of the left was the attempt to create an axis for a Latin American "third way" through the so-called Buenos Aires Consensus. By means of a statement drawn up by the Brazilian political scientist Roberto Mangabeira Unger, who resided in the United States, and by Jorge Castañeda, Mexican Foreign Relations Minister to be, the document sought to set an option between the traditional left, considered "Statist", and the neoliberal forces. The movement corresponded to the second current of neoliberalism, led by the governments of Tony Blair and Bill Clinton, from the center of capitalism. The final statement was signed by leaders who later took over the government of their countries, like the Chilean Ricardo Lagos, the Mexican Vicente Fox and the Argentine Fernando De la Rúa, and by the candidate to the Brazilian presidency who was not elected, Ciro Gomes. The movement thus appeared to be launched to success, in the face of the crisis of the left, the signs of exhaustion of the first neoliberal cycle, and Clinton and Blair's stellar role on a worldwide scale.

Cuba, in turn, a key reference for the continent's left, was especially affected by the disappearance of the "socialist camp". The Cuban regime managed to survive, unlike the regimes of Eastern Europe and the Soviet Union itself, demonstrating how the legitimacy achieved by the conquests of the Cuban revolution was of a different quality than those of the

Eastern European regimes, resulting from the arrival of the Soviet troops which defeated the Nazi occupation. Nevertheless, the price paid by the Cuban regime was high, left without the international integration into the planning of the “socialist camp” which allowed it to obtain oil, among other strategic goods, in exchange from sugar, citrus fruit and nickel. Attacks were hard and caused the Cuban regime to undergo its worst moments between the years 1989 and 1994. Partly in order to survive the crisis, the Cuban government generated a drastic swing in its economic policy, allowing private activities hitherto only reserved for the state sector, save for education and health, as well as tolerating an area of circulation of the dollar and expanding contracts with foreign corporations in the country.

As a result of the new policy, in which Cuba sets for itself the goal of not retreating and also of not advancing in the construction of socialism, owing to the negative shift in the international correlation of forces with its direct effect on the country's economy, the island ceased to be an alternative reference point for the continent's left. The solidarity with Cuba is maintained *vis-à-vis* the US blockade, but the experience ceases to be a horizon for the Latin American popular movement, either as a political system or as a social and economic model.

The field of the left became composed of remainders of the forces that survived the previous period (particularly communist parties, weakened); social movements, including labor federations that resisted neoliberalism; and some *sui generis* forces which took part in the main political struggles at the institutional level –the PRD in Mexico, Farabundo Martí in El Salvador, *Frente Amplio* in Uruguay and Workers' Party in Brazil– in addition to the special case of the Cuban Communist Party. They are all forces of diverse origins: the PRD is the result of the fusion between a splinter of the PRI and other left-wing forces, including the Communist Party; the Farabundo Martí front converted from the armed to the institutional struggle; the *Frente Amplio* is the continuation of the front formed by the groups of the Uruguayan left participating in the institutional struggle in the country since the 1960s; and the Workers' Party originated in the social movements in Brazil that organized into a political party in 1980. Despite their different origins, these four forces have several elements in common, being the heirs of the struggles of the institutional left in the continent, either in their program of democratic struggles for reform or in organizational forms. They are all part, along with the other forces of the left on the continent, of the São Paulo Forum, a space for meeting, exchanging experiences and holding debates that since the mid-1980s has met periodically in several countries of the continent. It bears that name because its first gathering was in São Paulo.

## Latin America at the time of Lula

Brazil had been transformed into the most fragile link in Latin America by combining explosive economic and social factors with an accumulation of forces of the popular movement on social and political levels higher than those of the other countries of the continent since the 1980s. It was comparatively the most backward country of the region in terms of social and economic development and of the construction of political forces.

Brazil was favored by the “privilege of backwardness” –a category employed by Trotsky– upon reversing the conditions that affected it unfavorably. Between the military coup of 1964 and the end of the dictatorship a new left and a new social movement were structured, while other countries with stronger left wings and popular movements, like Chile, Argentina and Uruguay, experienced coups relatively later given that greater strength, but for that reason were also victims of harsher repression.

As a result Brazil developed further in industrial terms during the military dictatorship, without solving the agrarian issue and without overcoming its significantly worse distribution of income. The left was strengthened, within a social framework that maintained its fragility. The Workers' Party, the CUT and the MST are the direct products of this combination, which ended up making the contradictions more acute in Brazil and in the other countries of the region.

Lula's election is –as he himself stated in his inaugural speech– the result of a lengthy historical process which leads to the first left-wing president elected in the country. His victory opens a new period in Latin America, regardless of which the fate of his government will be, because it represents the election of a candidate and of a party that, for the first time in the continent, propose a rupture with the neoliberal model put into practice in Brazil in the previous decade.

Latin America entered the twenty-first century undergoing its worst crisis in seventy years as a result of neoliberal policies which increased the fragility of their economies, weakened their states and diminished their economic and political weight in the world. The United States' FTAA project and the bilateral free trade agreements between the US and several countries in the continent –Chile, Guatemala, El Salvador– entailed an even greater expansion of the US hegemonic capacity over the continent, weakening its margins of sovereignty.

The continent's crisis, the passage of the US economy to recession, and the change in the US discourse, giving preference to the militarization of the world's conflicts, produced a space of regional leadership which had shrunk considerably in the previous period through the concurrence of virtually all the governments of the region with "free trade" and economic deregulation policies. The Argentine crisis was the extreme case in terms of economic and social backsliding and, at the same time, of absence of the US discourse. It was the first application of the new policy that the Bush government adopted and managed to have the IMF endorse: that countries should go bankrupt, like companies, without the international organization assuming any responsibility in relation to the crisis. This attitude led Argentina, after having applied the IMF's policies in the most rigorous manner, to enter the worst economic and social crisis experienced by a country in the recent historical period of capitalism, without any aid from the international organizations.

The combination of these international conditions and the exhaustion of the neoliberal model, clearer in Latin America owing to the more thorough and generalized application of such policies in the continent, generated a hegemonic crisis of which the electoral victories of Hugo Chávez in Venezuela, Lula in Brazil and Lucio Gutiérrez –as well as the favorable chances of the *Frente Amplio* in the Uruguayan general elections of 2004– are an expression.

The data are clear: there was an increase of nine percentage points in the region's poverty rate, from 35% in 1982 to 44% in 2002, and of five points in the indigence level, from 15% to 20%, in the same period, precisely that which was marked by the generalized application of the policies of fiscal adjustment and economic deregulation. The continent went on the experience its worst unemployment crisis, begun in 1995, the year of the Mexican crisis, and reaching around 10%, entailing a total of 18 million people. In Argentina, unemployment went from 7,5% in 1990 to 21,5% at the beginning of 2002. Forty-five percent of the population –45 million people– lacked a decent job in 1990, a figure that rose to 50,5%, that is to say, 53 million inhabitants. Of every ten jobs created in this period, seven were in the off-the-books sector, in which only two out of every ten people employed have access to social services.

During his first term former US president Bill Clinton didn't even cross the Río Grande to confer on how NAFTA was doing in Mexico. The continent appeared to adjust placidly to the neoliberal proposals while the Clinton government enjoyed the honeymoon of the combination of the disappearance of the Soviet Union, the liberal victory in the countries of Eastern Europe, and the regaining of growth by the US economy.

During his second administration, in the second half of the 1990s, Clinton had to coexist with a transition to generalized crises in the continent, still manifested at national level –the Brazilian crisis of 1999, the general degradation of Argentina, the institutional crises in Ecuador, Bolivia and Paraguay and the election of Hugo Chávez in Venezuela. The inheritance he leaves to his successor is a map of the continent like a sea of crises, wherever one looks: from Haiti to Uruguay, from Guatemala to Peru.

The Latin American crisis, with its national specificities, can only be understood within the framework of the generalized application of neoliberal policies in the two previous decades. Otherwise, nothing would explain the concomitance of the crises. The social explosiveness in the different countries and the very weakness of political groupings in terms of facing the crisis are typical products of the application of those policies. Their particular modes of application allow the specific forms and timeframes to be understood.

The principal current epicenters of the crisis are Colombia, Venezuela, Argentina and the Andean countries: Ecuador, Bolivia, Peru. Colombia has been hauling a deep crisis for several decades. The end of the civil war unleashed at the end of the 1950s through a political agreement between the two main parties –the Liberal and the Conservative– meant peace between the two of them, but never managed to bring in the country as a whole, especially in the countryside, the main setting of armed conflict. The country began to live schizophrenically between an institutionalized political system that existed with 70% abstention rates and rural

guerrilla movements originating in that war, like the FARC, or others that emerged afterwards, like the ELN. Later on, another element was introduced, drug trafficking, which from its outset organized paramilitary forces to fight the guerrilla groups with the connivance of the armed forces.

When drug trafficking attained a national projection, showing how it had deeply penetrated the state structure, and due to the pressure of succeeding US governments, Colombian presidents began to act against it and the guerrillas at the same time. The US policy of exporting its problems seeks, in the eradication of coca leaf plantations and the fight against drug traffickers, the solution to a domestic difficulty –drug consumption by the world's wealthiest market. By doing this, the US diverts attention away from its domestic setting and at the same time finds pretexts for positioning military forces in a strategic region for its expansionist plans – the Andean-Amazonian area.

The new US doctrine spotlights Colombia as one of the epicenters of the “war against terrorism”, alongside Palestine. These are countries in which the Bush government believes it has found “terrorism” in a “pure state”, a “terrorism” to which it should not yield ground by accepting negotiations, because this would represent a victory and an incentive for it. In this way, the form of war which the US, along with the Colombian government, puts into practice, is the “war of extermination”, of destruction of the insurgent forces, in the same way it is done with the Palestinians. This, therefore, involves a deflagrated, open focus of war, its unfolding depending on the triumph of the US strategy at an international level, the success of alternative continental integration policies, and the local capacity of the opposing forces to win over vast popular sectors that will oppose to solving the crisis through violence.

The Venezuelan crisis has another origin and another character. For various reasons, Venezuela never saw a neoliberal program actually put into practice. After he was elected for the second time, in 1989, Carlos Andrés Pérez, of the then social democratic Democratic Action party, did something analogous to what Carlos Menem did in Argentina, announcing a neoliberal program the day after taking office, in opposition to the tradition of his party and to his own election campaign. The result was an enormous popular demonstration known as the *Caracazo*, which was violently suppressed with the official balance of four hundred people dead. The government was condemned to failure from its outset, a fact that was capitalized on by the military uprising led by Hugo Chávez. Sentenced soon afterwards for corruption, Carlos Andrés saw his program interrupted, in similar fashion to Fernando Collor in Brazil.

He was succeeded by another former president, from the other traditional party, the COPEI, of Christian Democratic origin: Rafael Caldera, who attempted heterodox fiscal adjustment formulas resting on a former guerrilla, Teodoro Petkoff, who in a way attempted to be the Fernando Henrique Cardoso of a government that might be compared to that of Itamar Franco in Brazil. The new attempt also failed, and Hugo Chávez capitalized on the discontent with the performance of the Venezuelan elites in previous decades which starred in the “oil revelry”, squandering the high prices of the fuel to the detriment of what might have been a boost for the industrialization and welfare of the country. On the contrary, corruption, to a great extent, explains the fact that Venezuela has continued to be an oil country, with the ups and downs that such a circumstance generates for the country's economy.

Hugo Chávez won with the vote of the marginated by society and of the critics of the traditional parties, managed to obtain approval of a new Constitution via a plebiscite, reformed the organs of Justice, and obtained a parliamentary majority. His policy was based on the reorganization of OPEC and favored by the increase in the prices of oil, with which he promoted social policies aimed at the popular classes but without altering the internal power structure of the country –both the power, endowed with autonomy, of the state oil company, and of the large private monopolies, beginning with that of the communication media. His economic policy was founded on fiscal adjustment, but while the prices of oil favored him, his social policies had a relatively effective redistributive role.

It wasn't long before the policies of foreign and domestic sabotage had an effect, among them the coup attempt of April 2002, the systematic capital flight, the withholding of supplies and the lock-out between December 2002 and February 2003, including the interruption of oil production. The coup was avoided with the backing not of the top-ranking officers who had accompanied Chávez on his accession to government, but of low-ranking officers, and above all through the mobilization of an emerging popular movement that realized it would be the main

victim of the coup.

The run became one against time. The opposition sought to topple Chávez before the Latin American situation altered in his favor, before the new oil law regained for the government a good share of the 80% of the royalties that remained with the technocracy of the company, and before the new land law against urban speculation and rural latifundia came into effect. And additionally, before the new mass movement could constitute itself into an organic force capable of counter-balancing the power of the media and of the public opinion shaped by it. This run is what leaves the Venezuelan process open, in a dependence on the political evolution of the process of South American integration of MERCOSUR, led by Brazil and by Argentina, on the fate of the bellicose policy of the Bush government and on the situation of internal political and social dispute.

Argentina was a country that experienced extreme situations –in a way it succeeded Chile as the laboratory for Latin American political tests– ever since the failure of the military dictatorship that emerged with the 1966 coup and the transition to a return to liberal democracy, with the expected election victory of the Peronism. The latter, however, mingled with another phenomenon on the rise in the continent at the time, in particular in the Southern Cone: urban guerrillas also present in Uruguay and in Brazil.

Peronism won, adding sectors of the extreme right which had always been present in the midst of Peronism. This time, articulated with sectors of the armed forces, represented by López Rega and the Triple A, to guerrilla groups, of which the Montoneros were the strongest expression, including a great part of the national business sector, and particularly the then-strong organized labor movement.

The military coup that put an end to the failed return of Peronism in 1976 was the most developed model of a regime of terror against the popular movement and against any surviving democratic vestiges, deeply striking their capacity for organization and social and political expression. The also frustrated democratic transition led by the Radicals, including two hyperinflation crises, led to the return of the Peronists, this time as agents of neoliberal policies, with Carlos Menem. After promising a “production shock”, as soon as he had taken office he handed the reins of the economy over to the most traditional liberal economists, historical adversaries of Peronism, until the scheme of “parity” was reached, put into practice by Domingo Cavallo –the most extreme form achieved by the priority given to monetary stability in a country traumatized by the regime of political terror and by the hyperinflationary bouts. It was then, in the hands of the traditional party force representing the labor movement, that neoliberalism was implanted in Argentina, in a pioneering form.

The current crisis faced by the country is a consequence of the extent of the crisis triggered by the artificial solution that the exchange parity adopted represented for Argentina.

Never before has a country regressed so much outside times of war. What had been a paradigm for the IMF and the World Bank turned into the opposite, as an inevitable consequence of having adopted the policies of the international organizations in such an orthodox manner.

The Andean countries, particularly Ecuador, Bolivia and Peru, represented, over the course of recent years, the best examples of the structural crisis of countries for which the international market, reorganized within the molds of neoliberal policies, leaves no room, relegating them to the situation of their Central American peers, with raw material-exporting economies totally dependent on the US market. The special feature of these countries is the presence of a mass movement of rural origin, the axis of which is the Aboriginal movement.

The inefficacy of the neoliberal policies put into practice over the course of the last two decades deepened the existing social crisis, without having managed to restart development or attain political stability, generating a series of institutional crises that signal the recent political history of these countries as a reflection of a profound hegemonic crisis. Ecuador, unable to exercise a relatively extended experience such as that of Fujimori –consolidated in power by monetary stability, but also by success in the fight against the guerrillas– and without a certain surviving party structure as that of Bolivia –MNR, MIR– and the political leadership of Hugo Banzer, reflected this economic, social and political instability in a more direct manner, with the succession of elected and deposed presidents, the dollarization, and the election of Lucio Gutiérrez as president with the backing of the Aboriginal movement, which for the first time in

the country's history had a direct participation in government.

The twenty-first century finds Latin America facing contradictory options within a complex international setting. On one hand, a world framework of strong US hegemony, although not based on a capacity for economic expansion: on the contrary, upon exhaustion, the expansionary cycle of the United States' economy was replaced by a recessionary cycle, with the consequent restriction of international trade and of the demands originating in the central capitalist markets. The United States seeks to protect itself extending its hegemony in the continent through the FTAA proposal, which would enable it to expand the economic might of its corporations without counterweights, as already occurs in North America with NAFTA.

The internal dilemmas of every country in Latin America –extending the fiscal adjustment model or breaking with neoliberalism and seeking an alternative model– are expressed at the regional level by the dilemma between the FTAA and MERCOSUR. The former is the logical upshot of the application of the policies of opening up national economies in this region of the world, at a time in which large areas of integration of the biggest economies of the planet are being articulated and when few currencies will be able to resist at an international scale. The proposal for continental integration under the aegis of the biggest economy in the world, within the framework of their own currency, seems like the natural complement to the policies practiced on the continent in the last two decades, of which NAFTA is a regional expression. Latin America at the time of Lula entails that the Latin American left must settle accounts with its own path in recent years. That is why 2003 is as important for the left and for the continent as was 1973, three decades ago. At that time, the end was rung on a historical cycle of advances and political attempts to construct alternatives to the dependent, crisis-hit capitalism, concluding with the military coups in Chile and in Uruguay, closing the encirclement of what was to become the new Peronist government in Argentina until the 1976 coup definitively consolidated the new counter-revolutionary period in the region.

2003 may constitute the beginning of a new historical period of the continent or of exhaustion of a model, and with it of the forces that, in opposition to it, did not know how or were unable to overcome it. The first signs are not auspicious: the initial phase of the governments of Lula and of Lucio Gutiérrez gives more the impression of continuity than of a break. The violent events that mark the outset of the government of Sánchez de Lozada in Bolivia reveal how societies that are extremely exhausted by the brutal rise in the levels of exploitation and of expropriation of rights cannot bear a new cycle of recessionary adjustments.

And nevertheless, it seems that this is precisely what the new governments, now backed by the social movements and in the name of the left, note as a transition towards the exit from the model or towards its renewal. When Lula was elected, the British weekly *The Economist* titled its editorial "Will he finish the job?", referring to the complementation of the "reforms" carried out by Fernando Henrique Cardoso in the same way that Tony Blair, also elected against the neoliberal model, did with Margaret Thatcher. In a short time, this hope of the right and the fears of the left appear to find a footing, as members of the new Brazilian government present reforms of the pension and tax system as their first steps, as ways to conquer favorable market indices and thus, by diminishing the so-called "Brazil risk", managing to lower the interest rates and passing from the current vicious circle inherited from neoliberalism to a virtuous circle. Also, members of that government claim for themselves the "courage" to carry out the "reforms" that Fernando Henrique Cardoso had been unable to push through, as if confirming that the set of reforms is really turning into the so-called "second generation" of "reforms" proposed by the World Bank.

Everything confirms that 2003 has turned into a decisive year for Latin America and its left. The direction that Latin American history will take in the new century begins to be decided as of this moment.

## Notas

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